

SCHEDULE 17 PARTNERSHIPS

PART 4

TRANSACTIONS INVOLVING TRANSFER TO A PARTNERSHIP

Withdrawal of money etc. from partnership after transfer of chargeable interest

- 18 (1) This paragraph applies where, during the period of 3 years beginning with the date of the land transfer, a qualifying event occurs.
- (2) A qualifying event is—
- (a) a withdrawal from the partnership of money or money's worth which does not represent income profit by the relevant person—
 - (i) withdrawing capital from the person's capital account,
 - (ii) reducing the person's interest, or
 - (iii) ceasing to be a partner, or
 - (b) in a case where the relevant person has made a loan to the partnership—
 - (i) the repayment (to any extent) by the partnership of the loan, or
 - (ii) a withdrawal by the relevant person from the partnership of money or money's worth which does not represent income profit.
- (3) For this purpose the relevant person is—
- (a) where land transfer falls within paragraph 12(1)(a) or (b), the person who makes the land transfer,
 - (b) where the land transfer falls within paragraph 12(1)(c), the partner concerned or a person connected with the partner.
- (4) The qualifying event—
- (a) is treated as a land transaction, and
 - (b) is a chargeable transaction.
- (5) The partners are taken to be the buyers under the transaction.
- (6) Paragraphs 8 to 10 (responsibility of partners) have effect in relation to the transaction.
- (7) The chargeable consideration for the transaction is taken to be—
- (a) in a case falling within sub-paragraph (2)(a), equal to the value of the money or money's worth withdrawn from the partnership,
 - (b) in a case falling within sub-paragraph (2)(b)(i), equal to the amount repaid,
 - (c) in a case falling within sub-paragraph (2)(b)(ii) equal to so much of the value of the money or money's worth withdrawn from the partnership as does not exceed the amount of the loan.
- (8) But (in any case) the chargeable consideration determined under sub-paragraph (7) is not to exceed the market value, as at the effective date of the land transfer, of the chargeable interest transferred by the land transfer, reduced by any amount previously chargeable to tax.

Status: This is the original version (as it was originally enacted).

- (9) The amount of tax payable by virtue of this paragraph in respect of the qualifying event (if any) is to be reduced (but not below nil) by any amount of tax payable by virtue of paragraph 32 (transfer for consideration of interest in property investment partnership) in respect of the event.